Adara Partners – Independent Financial Advisor to Pendal (2022/23)

Adara Partners advised Pendal on strategy, takeover defence and its subsequent merger with Perpetual to create a combined global group with A$200 billion of assets under management.

**Snapshot**

- Independent financial advisor to the Board of Pendal on strategy and takeover defence from April 2022 until Pendal’s successful merger with Perpetual in January 2023.
- Adara Partners team led by Panel Members, Tim Burroughs and Andrew Best, provided highly experienced wise counsel leading to a significantly value accretive transaction for Pendal shareholders notwithstanding turbulent economic conditions.
- Transaction value represented an attractive 46% premium\(^1\) and implied transaction multiple of 18.7x EV/FY23 EBITDA\(^2\).
- Outstanding transaction value recognised by Pendal shareholders with an overwhelming 99.28% vote in favour of the transaction.

**Adara Partners provided the following services**

- Initial and ongoing review of company stand-alone value and strategy to evaluate transaction proposals, including rejection of initial offer by Perpetual.
- Recommendations to tactically defend the company against approaches that could undervalue and cause harm.
- Internal financial analysis including valuation modelling, assessment of capacity to pay and bid evaluations.
- Advice on strategic pathways and guidance to create competitive tension in a challenging economic environment which ultimately led to an improved offer by Perpetual.
- Seasoned advice to maintain the value of the merger to the company’s shareholders including against interloper suitors of Perpetual.
- Advice on negotiations, valuation, and stakeholder communications, providing wise counsel to the Chair and Board at all critical junctures of the transaction.

**Outcome**

- A final binding price of 1 Perpetual share for every 7 Pendal shares and $1.65 cash per share, delivering exceptional value to Pendal’s shareholders:
  - Premium of 46% to Pendal’s undisturbed closing share price\(^1\), significantly above par for similar transactions.
  - Impressive implied transaction multiple of 18.7x EV/FY23 EBITDA\(^2\).
  - Value achieved at high end of the range of $4.87 - $5.71 per share set out by the Independent Valuer.
  - “The combination will deliver a significant increase in scale, enhance positioning in an increasingly competitive global market and bring strategic benefits both domestically and internationally. Furthermore, the combined group… will be well positioned to deliver long-term shareholder value.”\(^3\)

**Notes:**

(1) Based on undisturbed share prices prior to announcement of Perpetual initial NBIO on 1 April 2022. (2) As at completion on 23 January 2023 and based on FactSet consensus. (3) Letter from the Chairman of Pendal, Pendal Group Limited Scheme Booklet, 21 November 2022.
Collectively our Panel Members have advised over 90% of the ASX100 and have worked on many of the largest and most critical transactions in Australia’s corporate history. Adara Partners’ services are not limited to the ASX100 – our Panel Members have worked on a range of public and private corporate engagements, providing our clients with their expertise, through wise counsel, financial and strategic advice.

Our Panel Members provide their time and expertise pro bono. All profits are donated to Adara Development, Adara’s not-for-profit arm that delivers services directly to more than 200,000 people living in poverty each year in Uganda and Nepal, and touches countless more through knowledge sharing.